



CITY OF LODI COUNCIL COMMUNICATION

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AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Agreement with City of Elk Grove Regarding Their Purchase of Compressed Natural Gas (CNG) from City of Lodi at Municipal Service Center (MSC) Fueling Station

MEETING DATE: February 20, 2008

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt a resolution authorizing the City Manager to execute a temporary agreement with the City of Elk Grove regarding their purchase of compressed natural gas (CNG) at the City of Lodi's Municipal Service Center (MSC) fueling station and extend the agreement, if necessary.

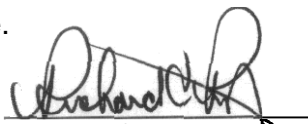
BACKGROUND INFORMATION: In late 2007, the City of Elk Grove contacted the City of Lodi's Fleet and Facilities Manager to request to fill some of their CNG-powered buses on a short-term basis when one of their regular CNG fueling stations became unavailable. City staff agreed to let them do so, and Elk Grove has been reimbursing the City for the cost of fuel.

Staff recognized, however, that Elk Grove's short-term need would continue months longer when we were informed that they would be building a new CNG fueling station to offset the existing CNG station loss. Elk Grove is now advertising for bids for construction of their new CNG fueling station, but construction will not be completed until this summer. Should construction take longer than anticipated, an extension may be needed. Staff recommends that the extension not exceed one year.

City staff recommends that an agreement to use the City's CNG fueling station at the MSC be formalized and that the City Manager be authorized to execute the attached agreement and an extension, should one become necessary. The City of Lodi will charge the City of Elk Grove the current cost per therm charged by PG&E to Lodi, plus maintenance and operation costs, administrative fees and taxes, and a CNG Station depreciation/replacement charge. The current charge is \$1.85 but fluctuates with the direct charge from PG&E.

FISCAL IMPACT: Reimbursement from the sale of CNG fuel will be received and credited to the Transit fund.

FUNDING AVAILABLE: Not applicable.


Richard C. Prima, Jr.
Public Works Director

Prepared by Dennis J. Callahan, Fleet and Facilities Manager
RCP/DJC/pmf
Attachment
cc: Tiffani Fink, Transportation Manager
Randy Laney, Fleet Services Supervisor
Janice Magdich, Deputy City Attorney
Carlos Tobar, Elk Grove Transit Systems Manager

APPROVED: 
Blair King, City Manager

AGREEMENT TO USE CNG FUELING STATION

This Agreement is made and entered into February _____, 2008 ("Effective Date"), by and between the City of Lodi, a municipal corporation ("Lodi"), and the City of Elk Grove, a municipal corporation ("Elk Grove").

WHEREAS, Lodi is the owner of a CNG Fueling Station located at its Municipal Service Center, 1331 South Ham Lane, Lodi, San Joaquin County, California ("CNG Facility"); and

WHEREAS, Elk Grove desires to temporarily use the CNG Facility for the purpose of fueling certain buses in its municipal fleet; and

WHEREAS, Lodi has consented to the use of the CNG Facility on the terms and conditions detailed below.

NOW, THEREFORE, the parties agree as follows:

1. Lodi will permit Elk Grove to use the CNG Facilities, for the sole purpose of fueling buses in its municipal fleet. Elk Grove will be charged per gallon of compressed natural gas and billed monthly for charges incurred, as follows: the current cost per therm (at the rate charged by PG&E to Lodi) X 1.278 (conversion factor) plus \$0.42 per gallon for maintenance and operation costs, administration fees and taxes¹, and plus \$0.27 per gallon for CNG Station depreciation/replacement charge².

Payment by Elk Grove is due and payable upon receipt of Lodi's invoice and delinquent if not paid in full within 15-days of receipt.

2. The term of this Agreement shall be from September 1, 2007, through December 31, 2008 ("Term").

3. Employees of Elk Grove using the CNG Facilities are required to receive training by Lodi in the proper use of the CNG Facilities prior to use.

4. In the event that the CNG Facility is damaged by employees or agents of Elk Grove during the Term of this Agreement, Elk Grove agrees to reimburse the City for all costs incurred by the City that are necessary to return the CNG Facility to its condition prior to the damage.

5. Elk Grove acknowledges that no more than two (2) buses are permitted at any one time at the CNG Facility and that buses waiting for fueling will be staged at an area designated by Lodi's Fleet & Facilities Manager or his designee. Elk Grove also

¹ Cost per therm X 1.278 + \$0.20 maintenance & operation + \$0.10 administration + \$0.12 taxes = price per gallon of CNG fuel.

² CNG Station Depreciation/Replacement Charge = + \$0.27 per gallon of CNG fuel.

acknowledges and agrees that Lodi buses and fleet vehicles have priority to fuel at the CNG Facility, and may move ahead of Elk Grove buses then fueling, if necessary, to meet Lodi's fueling requirements. Should Elk Grove's fueling at the CNG Facility deplete the storage and/or availability of fuel for Lodi buses and fleet vehicles, the number of Elk Grove buses permitted to fuel may be limited. Lodi's Fleet & Facilities Manager or his designee retain the sole discretion to limit the number of Elk Grove buses permitted to fuel at the CNG Facility during the Term of this Agreement.

6. This Agreement may be terminated by either party at any time upon 10-days written notice to the other. Notice shall be given as provided in paragraph 11 below.

7. Elk Grove agrees to indemnify, defend and hold Lodi harmless from and against any and all claims, losses, damages, expenses, judgments and costs, including attorneys' fees and court costs, resulting from Elk Grove's use of the CNG Facility during the Term of this Agreement.

8. Upon execution of this Agreement, Elk Grove shall provide Lodi with documentation confirming that contract employees of Elk Grove are to be considered solely as employees of the City of Elk Grove while said contract employees are using the CNG Facility or are on the grounds of Lodi's Municipal Service Center, and further that such contract employees are not covered under any existing contract that the City of Lodi may have with Elk Grove's current transportation contractor or any future transportation contractor that may be under contract with Elk Grove.

9. Elk Grove shall, at its own expense, maintain in full force and effect during the term of this Agreement a policy of at least \$5,000,000 comprehensive public liability and auto liability insurance against any liability resulting from Elk Grove's use of the CNG Facility under this Agreement. Lodi **shall be** named as an additional insured and all policies shall be written on a primary basis. Elk Grove shall be able to furnish a certificate of such insurance or evidence of coverage provided under any self-insurance program maintained by Elk Grove immediately following execution of this Agreement.

10. Elk Grove may not assign its rights under this Agreement to any other party.

11. Any notice required to be given by the terms of this Agreement shall be in writing signed by an authorized representative of the sender and shall be deemed to have been given when the same is personally served or upon receipt by express or overnight delivery, postage prepaid, or in three (3) days from the time of mailing if sent by first class or certified mail, postage prepaid, addressed to the respective parties as follows:

To Lodi:	City of Lodi
	Richard Prima, Public Works Director
	221 West Pine Street
	P.O. Box 3006
	Lodi, CA 95241-1910

To Elk Grove: City of Elk Grove
Carlos Tobar, Transit System Manager
10250 Iron Rock Way
Elk Grove, CA 95624

12. This Agreement contains the entire agreement between the parties relating to the rights granted and obligations assumed under it. Any amendments or modifications to this Agreement will not be effective unless contained in a writing signed by both parties.

13. This Agreement shall be interpreted and construed under the laws of the State of California. The forum for any dispute arising out of this Agreement shall be the San Joaquin County Superior Court.

IN WITNESS WHEREOF, this Agreement has been entered into as of the effective date as written above.

CITY OF LODI
a municipal corporation

CITY OF ELK GROVE
a municipal corporation

By: _____
BLAIR KING
City Manager

By: _____
JIM ESTEP
Interim City Manager

ATTEST:

ATTEST:

By _____
RANDI JOHL
City Clerk

PEGGY JACKSON
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
JANICE D. MAGDICH
Deputy City Attorney

By: _____
SUSAN BURNS COCHRAN
City Attorney

RESOLUTION NO. 2008-27

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE
CITY MANAGER TO EXECUTE AGREEMENT BETWEEN CITY OF LODI AND
CITY OF ELK GROVE FOR PURCHASE OF COMPRESSED NATURAL GAS
AT CITY OF LODI'S MUNICIPAL SERVICE CENTER AND EXTENSION

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WHEREAS, the city of Elk Grove contacted the City of Lodi's Fleet and Facilities Manager with a request to fill some of its compressed natural gas (CNG)-powered buses on a short-term, emergency basis when one of its regular CNG fueling stations became unavailable; and

WHEREAS, the city of Elk Grove's short-term needs will continue months longer than expected as it will be building a new CNG fueling station to offset the existing CNG station loss. The city of Elk Grove is now advertising for bids for construction of its new CNG fueling station, but construction will not be completed until June 2008. Should construction take longer than anticipated, an extension may be needed; and

WHEREAS, City staff recommends that an agreement to use the City's CNG fueling station at the MSC be formalized and that the City Manager be authorized to execute the attached agreement; and

WHEREAS, the City of Lodi will charge the city of Elk Grove the current cost per therm charged by PG&E to Lodi, plus maintenance and operation costs, administrative fees and taxes, and a **CNG** station depreciation/replacement charge.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby authorizes the City Manager to execute an agreement with the city of Elk Grove to purchase CNG at the City of Lodi's MSC fueling station; and

BE IT FURTHER RESOLVED that the Lodi City Council hereby authorizes the City Manager to execute an extension to the agreement not to exceed one year; and

BE IT FURTHER RESOLVED that the charge for the CNG will be the current cost per therm charged by PG&E to Lodi, plus maintenance and operation costs, administrative fees and taxes, and a CNG station depreciation/replacement charge.

Dated: February 20, 2008

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I hereby certify that Resolution No. 2008-27 was passed and adopted by the City Council of the City of Lodi in a regular meeting held February 20, 2008, by the following vote:

AYES: COUNCIL MEMBERS - Hansen, Hitchcock, Johnson, Katzakian, and
Mayor Mounce

NOES: COUNCIL MEMBERS - None

ABSENT: COUNCIL MEMBERS - None

ABSTAIN: COUNCIL MEMBERS - None


RANDI JOHL
City Clerk

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WHEREAS, Elk Grove desires to temporarily **use** the CNG Facility for the purpose of fueling certain buses in its municipal fleet; and

WHEREAS, Lodi has consented to the use of the CNG Facility on the terms and conditions detailed below.

NOW, THEREFORE, the parties agree as follows:

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Payment by Elk Grove is due and payable upon receipt of Lodi's invoice and delinquent if not paid in full within 15-days of receipt.

2. The term of this Agreement **shall be** from September 1, 2007, through December 31, 2008 ("Term").

3. Employees of Elk Grove using the CNG Facilities are required to receive training by Lodi in the proper **use** of the CNG Facilities prior to use.

4. In the event that the CNG Facility **is** damaged by employees or agents of Elk Grove during the Term of this Agreement, Elk Grove agrees to reimburse the City for all costs incurred by the City that are **necessary** to return the CNG Facility to its condition prior to the damage.

5. Elk Grove acknowledges that no more than two (2) buses are permitted at any one time at the CNG Facility and that buses waiting for fueling will be staged at an area designated by Lodi's Fleet & Facilities Manager or his designee. Elk Grove also

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7. Elk Grove agrees to indemnify, defend and hold Lodi harmless from and against any and all claims, losses, damages, expenses, judgments and costs, including attorneys' fees and court costs, resulting from Elk Grove's use of the CNG Facility during the Term of this Agreement.

8. Upon execution **of** this Agreement, Elk Grove shall provide Lodi with documentation confirming that contract employees of Elk Grove are to be considered soley as employees of the City of Elk Grove while said contract employees are using the CNG Facility or are on the grounds of Lodi's Municipal Service Center, and further that such contract employees are not covered under any existing contract that the City of Lodi may have with Elk Grove's current transportation contractor or any future transportation contractor that may be under contract with Elk Grove.

9. Elk Grove shall, at its own expense, maintain in full force and effect during the term of this Agreement **a** policy of at least \$5,000,000 comprehensive public liability and auto liability insurance against any liability resulting from Elk Grove's use of the CNG Facility under this Agreement. Lodi shall be named as an additional insured and all policies shall be written on a primary basis. Elk Grove shall be able to **furnish** a certificate of such insurance or evidence of coverage provided under any self-insurance program maintained by Elk Grove immediately following execution of this Agreement.

10. Elk Grove may not assign its rights under this Agreement to any other party.

11. Any notice required **to** be given **by** the terms of this Agreement shall be in writing signed by an authorized representative of the sender and shall be deemed to have been given when the **same is** personally served or upon receipt by express or overnight delivery, postage prepaid, or in three (3) days from the time of mailing if sent **by** first class or certified mail, postage prepaid, addressed to the respective parties as follows:

To Lodi:	City of Lodi Richard Prima, Public Works Director 221 West Pine Street P.O. Box 3006 Lodi, CA 95241-1910
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To Elk Grove: City of Elk Grove
Carlos Tobar, Transit System Manager
10250 Iron Rock Way
Elk Grove, CA 95624

12. This Agreement contains the entire agreement between the parties relating to the rights granted and obligations assumed under it. Any amendments or modifications to this Agreement will not be effective unless contained in a writing signed by both parties.

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a municipal corporation

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City Manager

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JIM ESTEP
Interim City Manager

ATTEST:

ATTEST:

BY _____
RANDI JOHL
City Clerk

PEGGY JACKSON
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
JANICE D. MAGDICH
Deputy City Attorney

By: _____
SUSAN BURNS COCHRAN
City Attorney

CITY COUNCIL

JOANNE L. MOUNCE, Mayor
LARRY D. HANSEN,
Mayor Pro Tempore
SUSAN HITCHCOCK
BOB JOHNSON
PHIL KATZAKIAN

CITY OF LODI
PUBLIC WORKS DEPARTMENT

CITY HALL, 221 WEST PINE STREET
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 333-6706
FAX (209) 333-6710
EMAIL pwdept@lodi.gov
<http://www.lodi.gov>

BLAIR KING
City Manager
RANDI JOHL
City Clerk
O. STEVEN SCHWABAUER
City Attorney
RICHARD C. PRIMA, JR.
Public Works Director

February 15, 2007

Carlos Tobar, Transportation Services Manager
City of Elk Grove
8380 Laguna Palms Way
Elk Grove, CA 95758

SUBJECT: Adopt Resolution Authorizing City Manager to Execute Agreement with
City of Elk Grove Regarding Their Purchase of Compressed Natural Gas
(CNG) from City of Lodi at Municipal Service Center (MSC) Fueling Station

Enclosed is a copy of background information on an item on the City Council agenda of
Wednesday, February 20, 2008. The meeting will be held at 7 p.m. in the
City Council Chamber, Carnegie Forum, 305 West Pine Street.

This item is on the consent calendar and is usually not discussed unless a
Council Member requests discussion. The public is given an opportunity to address
items on the consent calendar at the appropriate time.

If you wish to write to the City Council, please address your letter to City Council,
City of Lodi, P. O. Box 3006, Lodi, California, 95241-1910. Be sure to allow time for the
mail. Or, you may hand-deliver the letter to City Hall, 221 West Pine Street.

If you wish to address the Council at the Council Meeting, be sure to fill out a speaker's
card (available at the Carnegie Forum immediately prior to the start of the meeting) and
give it to the City Clerk. If you have any questions about communicating with the
Council, please contact Randi Johl, City Clerk, at (209) 333-6702.

If you have any questions about the item itself, please call Dennis Callahan,
Fleet and Facilities Manager, at (209) 333-6800, extension 2690.



for: Richard C. Prima, Jr.
Public Works Director

RCP/pmf

Enclosure

cc: City Clerk